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Extractive Sector Transparency Measures Act

Technical Reporting Specifications

Canada

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Technical Reporting Specifications

Version 2

June 2018

Canada

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Cat No. M34-28/1-2018E-PDF
ISBN 978-0-660-27064-7

Aussi disponible en français sous le titre :
Loi sur les mesures de transparence dans le secteur extractif – Spécifications techniques des rapports – Version 2

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Introduction

The *Extractive Sector Transparency Measures Act* (ESTMA) (the Act) requires certain Entities engaged in the commercial development of oil, gas, or minerals ("Reporting Entities" as defined in section 8 (1) of the Act) to provide a report of payments made to governments ("Payees") to Natural Resources Canada (NRCan) no later than 150 days after the end of each of their financial years, in the form and manner specified by the Minister of Natural Resources Canada (the Minister). The Act also requires Reporting Entities to make their reports available to the public in the manner specified by the Minister.

The purpose of the *Technical Reporting Specifications* is to provide the form and manner specifications for the reporting process, including instructions on how to complete the reporting template, and specifications on other aspects of the form and manner of reporting under the authority set out in sections 9(5) and 12(2)(a) of the Act.

To facilitate communication between NRCan and Reporting Entities, a process for enrolment as an ESTMA Reporting Entity is set out in this document.

As a companion to this document, the *Guidance* has been developed to help Reporting Entities understand the reporting requirements of the Act, and can be found on the NRCan website. The *Guidance* is not prescriptive, but rather practical and illustrative.

1. Reporting Process

Step 1

Enrol with NRCan and obtain an ESTMA ID number

The Contact Form must be filled out via the NRCan eServices Portal.

NRCan will provide a unique identification number (ESTMA ID number) to all Reporting Entities, including subsidiary Reporting Entities.

The ESTMA ID number must be referenced in all future correspondence, including when submitting a report.

Step 2

Obtain reporting tools

All reporting tools, including the *Technical Reporting Specifications*, the *Guidance* and the reporting template are available for download on NRCan's website.

Inquiries on how to report may be sent to nrcan.estma-lmtse.rncan@canada.ca.

Step 3

Complete an ESTMA report in XLS

ESTMA reports must be created using the XLS reporting template.

A step-by-step guide is included in Annex A in this document.

Step 4

Publish online and submit the report to NRCan

This step must be completed no later than 150 days following the end of your financial year.

Completed reports must be published online in machine-readable XLS or PDF format.

The reports must be publicly available for five years.

A functional link to the ESTMA report, as well as an electronic copy of the most recent report in XLS format, must be sent to NRCan via the eServices Portal.

Step 5

NRCan publishes the link on the ESTMA website

NRCan will validate that the ESTMA report meets the basic criteria as outlined in the "Report Validation Checklist" and then will publish the links on the NRCan website.

2. Reporting and Publishing Specifications

The following contains a number of specifications for preparing and publishing annual reports.

2.1 Preparing a report

- ✓ Reports must be completed in either English or French.
- ✓ The reporting template can be downloaded on the NRCan website.
- ✓ Reporting Entities must prepare their report using the XLS template provided.
- ✓ An illustrative step-by-step guide for completing the report is included in this document in Annex A.

2.2 Registering as an NRCan eServices Portal user

The eServices Portal has been designed to provide Entities reporting under the ESTMA with secure online access to enrol with NRCan, amend contact information, and submit original or amended ESTMA reports. All Reporting Entities must register as an NRCan eServices Portal user. Detailed steps on how to register will be provided in Annex A and in the ESTMA eServices Portal User Guide.

2.3 Enroling with NRCan as an ESTMA Entity

2.3.1 Submitting the mandatory Contact Form

Enroling with NRCan provides Entities with a unique ESTMA Identification Number (ESTMA ID). This number is mandatory for all ESTMA reports, and as such, all Reporting Entities must enrol with NRCan prior to submitting their first ESTMA report.

However, enroling does not mean that an Entity has reporting obligations in a given financial year. As such, all Entities under the Act are encouraged to enrol. Doing so signals to NRCan that a Reporting Entity has taken the preliminary step required to either submit a report, or provides a means to notify NRCan that they have no Reportable Payments in a given financial year. In addition, all Entities that enrol will also be added to NRCan's mailing list, which provides valuable updates on any changes to tools or the *Guidance*, as well as informs stakeholders of planned outreach activities.

To enrol, Entities must complete an "electronic Contact Form" via the NRCan eServices Portal. In the event of changes to an Entity's contact information, an amended electronic Contact Form must be completed via the eServices Portal.

2.4 Organizing and reporting payments in a report

2.4.1 Method of accounting

Payments must be disclosed on a cash accounting basis (i.e., reported based on when the payment is made, not when a commitment is made for a payment).

When completing reports, Reporting Entities have the option to round payments to the nearest $10,000. However, rounding is not to be used for calculating and determining reportable payments.

2.4.2 Breakdown of payments

Payments must be broken down to indicate which Payee received the payment.

Payments must also be broken down to the project level when they can be attributed to a specific project. Where a payment is not attributable to a specific project, it may be disclosed in the report without splitting or disaggregating the payment to allocate it to a specific project. Payee-level disclosure for such payments is sufficient.

The report must also include the total of each payment category to each Payee and project where applicable.

Reporting Entities are encouraged, where practical, to list the name of the department, agency or other body of the Payee that received the payment, if more than one such body of a Payee received a payment from the Reporting Entity.

Project definition

A "project" means the operational activities that are governed by a single contract, licence, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. Nonetheless, if multiple such agreements are substantially interconnected, this shall be considered a project.

"Substantially interconnected" means forming a set of operationally and geographically integrated contracts, licences, leases, or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

2.4.3 Substance over form

The disclosure of payments required under the Act must reflect the substance rather than the form of the payment or activity concerned.

2.4.4 Reporting currency

Reporting Entities must report in Canadian currency or in the currency of the Reporting Entity (e.g., currency used in a Reporting Entity's consolidated financial statements). Reports must use only one type of currency.

If a Reporting Entity has made payments in currencies other than Canadian dollars or its reporting currency, it may choose to calculate the currency conversion between the currency in which the payment was made and Canadian dollars or the reporting currency, as applicable, in one of four ways:

i. Using the method utilized by the Reporting Entity in its consolidated financial statements.

ii. By converting the payments at the exchange rate existing at the time the payment is made.

iii. Using a weighted average of the exchange rates during the period.

iv. Based on the exchange rate as of the issuer's financial year end.

Reporting Entities must include a note in their ESTMA reports that discloses the exchange rate and primary method used for currency conversions.

2.4.5 In-kind payments

The monetary value of any in-kind payment made to a Payee by a Reporting Entity must be reported under the Act.

If a Reporting Entity can determine the cost of an in-kind payment, that is the value that should be reported. If the cost is not determinable, the in-kind payment should be reported at the fair market value. A Reporting Entity may employ an existing valuation methodology used in its financial statements or for another commercial purpose (e.g. a production-sharing contract may specify a valuation methodology) to determine fair market value. A Reporting Entity must identify the payment made in-kind and include a supplementary note in its report briefly summarizing how the value of the in-kind payment has been determined.

2.4.6 Attestation

Each report is required to include an attestation statement. Reporting Entities may choose from the following two attestation options that are set out in either reporting template:

i. Attestation by a director or officer of the Reporting Entity.
ii. Attestation through independent audit.

Either option emphasizes that the Reporting Entity (i.e., director or officer of the Reporting Entity) is responsible for the contents of the ESTMA report, as required by the Act.

When an independent attestation is used, the required engagement with an independent auditor is an audit conducted in accordance with Canadian auditing standards. The independent auditor's responsibility is to express an opinion on the ESTMA report based on its audit. NRCan requires an unmodified audit opinion based on an audit of the ESTMA report. That is, the auditor has not identified the need to modify the audit opinion because of a material misstatement of the information in the annual report or because the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the annual report is free from a material misstatement.

For the purposes of conducting the audit:

- The applicable financial reporting framework for reporting is considered to be a special purpose framework.
- The framework is a compliance framework because it requires compliance with the specific requirements of the Act.

Instructions on how to complete an attestation statement in a report can be found in Annex A.

2.5 Publishing/submitting a report and maintaining links

Reporting Entities are required to publish their reports on the Internet so they are available to the public for five years (see section 2.5 for Maintenance and record keeping). Reporting Entities must provide NRCan with a functional link to their ESTMA report, as well as an electronic copy of their report in XLS format, no later than 150 days following the end of their financial year. If multiple ESTMA reports are submitted over a number of financial years, all ESTMA reports published by a Reporting Entity within the last five years must be available at the same landing page. If the link to the landing page or the links to the individual ESTMA reports cease to be functional at any time, the Reporting Entity must inform NRCan and provide a functional link as soon as possible to ensure that its reporting obligations continue to be met.

Timeline example

A Reporting Entity's financial year ends on December 31, 2016. To comply with the Act, the Reporting Entity must publish its report online and provide NRCan with a direct link to the report no later than May 30, 2017 (150 calendar days following the end of their fiscal year).

2.6 Publishing links on the NRCan website

NRCan has developed a "Report Validation Checklist" to help Reporting Entities and the public understand the basic criteria that must be met before NRCan proceeds with publishing a link to an individual, consolidated or substituted ESTMA report. The checklist is not intended to provide assurance that Reporting Entities have met their legal obligations under the ESTMA or to replace legal advice. NRCan may amend the checklist as required, and the most up-to-date version will be made available on the NRCan website.

2.7 No reportable payments in a given reporting period

Reporting Entities that do not make any Reportable Payments within a financial year are not required to publish a report; however, Reporting Entities should notify NRCan by email within 150 days following the end of their financial year that no report will be submitted for that year.

In the situation where a parent has no Reportable Payments, it may still be required to submit an ESTMA report on behalf of its subsidiaries. A Reporting Entity must ensure that all Reportable Payments it makes and all Reportable Payments made by Entities it controls, directly or indirectly, are included in an ESTMA report.

2.8 Amended reports

In the event that a published report requires amendments, a Reporting Entity must inform NRCan in detail of any changes to the report, provide an electronic copy of the latest version of the report and ensure that the most up-to-date report is available at the previously provided link. In addition, the amended report must include a note that identifies the amendment(s).

2.9 Record keeping

As set out in the Act, a Reporting Entity must keep records of its payments to governments for a seven-year period that begins on the day on which the Reporting Entity provides the report in accordance with section 9 for the financial year or is deemed to have done so by the operation of section 10(2) or section 11.

3. Alternate Mechanisms for Preparing a Report

3.1 Reporting through another Reporting Entity in situations of 100 percent ownership

For situations where a parent Reporting Entity has 100 percent ownership of a subsidiary Reporting Entity, the Act includes provisions to allow the subsidiary to report its respective payments through the parent Reporting Entity. There are, however, requirements in section 11 of the Act that the parent and subsidiary Reporting Entities must follow.

3.2 Substitution

Where reporting requirements in other jurisdictions have been determined to be an acceptable substitute by Canada, a Reporting Entity may use reports prepared and filed in the other jurisdiction to meet the reporting requirements under the Act. Reporting Entities must still meet the publishing requirements of the Act using their report prepared under the other jurisdiction's reporting requirements.

Substitution determinations for other jurisdictions are made public on the NRCan website. The substitution determination will include specifications on the form and manner of providing the report to NRCan. Further information on how substitution will work can be found on the website.

ANNEX A. How to Prepare and Submit an ESTMA Report

1. Register as an NRCan eServices Portal user.
2. Enrol with NRCan and obtain an ESTMA ID number.
3. Obtain reporting tools, including templates.
4. Complete an ESTMA report in XLS format.
5. Publish the ESTMA report online in machine-readable format, and submit the report and link to NRCan.

1. Register as an NRCan eServices Portal user

1.1 Sign in to NRCan's eServices Portal

Access NRCan's eServices Portal and select a secure sign-in method. Once you have signed in with your preferred sign-in method, you will be redirected to NRCan's eServices Portal landing page. You can choose between the following sign-in methods:

- a) Government of Canada Key (GCKey) is a unique electronic credential (user name and password) that allows you to communicate securely with online government services. The Government of Canada, as the service provider, issues these credentials to individuals so they can access government online services. Register for a GCKey.

- b) **Sign-In Partners** are private-sector companies and organizations that have partnered with SecureKey Technologies to enable their customers to use their online credentials (e.g., card numbers or user names and passwords) to access Government of Canada services.

1.2 Register for an NRCan eService Portal Account

Once you have signed in using one of sign-in methods, you will be redirected to NRCan's eServices Portal landing page. If this is the first time you are using NRCan's eServices Portal, you will have to create an account by accepting the **Terms of Use** and providing the required information. An email confirmation code that will be required to complete the registration process will be emailed to you.

1.3 Select 'ESTMA Services' from the Navigation Menu

Under My Account on the left navigation, select the service you wish to use. For 'ESTMA,' select ESTMA Services. You need to select a service in order to enrol in any eService.

1.4 Request Registration for 'ESTMA'

Complete the required fields and submit to NRCan. Once an official reviews and approves your request, you will receive an email with the steps you need to follow to complete the registration process.

2. Enrol with NRCan and obtain an ESTMA ID number

2.1 Complete the mandatory Contact Form

- ❖ The electronic Contact Form must be completed via the NRCan eServices Portal.
- ❖ All fields must be completed accurately. Entities must use their exact legal entity name for each of their reports. If applicable, the 9-digit Business Number issued by the Canada Revenue Agency is required.

- A contact and alternate contact are required for all Entities.
- The contact identified for an Entity in the Contact Form will act as the initial point of contact between the entity and NRCan for all communications, updates and compliance notifications.

2.2 Obtain an ESTMA ID number

Once the Contact Form is completed via the eServices Portal, it will be sent to NRCan for review. An NRCan official will assign a unique ESTMA ID number to all Entities and Subsidiary Entities via email.

The ESTMA ID number must be referenced in all future correspondence between NRCan and Entities, including in all ESTMA reports.

3. Obtain reporting tools, including templates

- The reporting template is available on the NRCan website.
- ESTMA reports must be completed in XLS format.

4. Complete an ESTMA report in XLS format

4.1 Complete the data entry page for your ESTMA report

The following fields on the data entry page are mandatory:

- ✓ **Reporting year:** Enter the start date (From) and end date (To) of the financial year captured in the report.
- ✓ **Reporting Entity name:** Enter the name of the Reporting Entity that matches exactly the legal name provided during enrolment on the Contact Form.
- ✓ **Reporting Entity ESTMA identification number:** Enter the ESTMA ID number obtained during enrolment.
- ✓ **Subsidiary Reporting Entities:** If applicable, select "yes" under "Consolidation" and enter the names and ESTMA ID numbers for each Subsidiary Reporting Entity included in the report.
- ✓ **Currency of the Report:** Indicate the currency of the report (single currency only); must be Canadian currency, or the currency the Reporting Entity uses in its Consolidated Financial Statements.
- ✓ **Substitution:** If applicable, select "yes" under "Substitution", then enter the original jurisdiction where the report was submitted, and the due date in that jurisdiction.

Note that the information entered on the data entry page will automatically populate mandatory fields on the cover page and payment by Payee/project tables. Once completed, right-clicking the "Data Entry" tab will hide the worksheet in the published report.

4.2 Complete the mandatory attestation statement included on the cover page

- Read both attestation statements carefully and select the checkbox that applies to your situation.
- Enter the end date of the financial year covered in the report at the end of the checked attestation statement.
  ***Only the text marked in red in the XLS attestation statements and included as a fillable box in the PDF attestation statements can be amended. Reporting Entities are prohibited from altering any other language in the attestation statements.**
- If the attestation (through independent audit) option was selected, provide a link to the audit opinion received in the appropriate section of the cover page.
- Insert the appropriate full name and position title of the attesting director or officer of the Entity and provide the date when the attestation on the report was completed.

4.3 Complete the Payments by Payee and Payments by Project spreadsheets

Reporting Entities may add rows to the payment tables as required; however, columns may not be added or amended—they must appear in exactly the same order as indicated in the reporting template.

Both tables (Payments by Payee and Payments by Project) must be populated in order to be compliant with the Act.

To access the Payments worksheets, click the Payments by Payee and Payments by Project tabs at the bottom of the spreadsheet.

Populate each column with the appropriate information. Certain payments may require qualifying notes, to be included in the Notes column. This column may also be used to provide context for payments, if desired by the Reporting Entity.

Country names must be entered in accordance with the list provided in Annex B of this document.

5. Publish the ESTMA report online and submit the report to NRCan

- ✓ **Publish the completed ESTMA report online:** Reporting Entities are encouraged to publish their reports online in XLS format. ESTMA reports may be converted to PDF format, but must be machine readable. ESTMA reports must be publicly available online for five years. All ESTMA reports published in the last five years must be grouped together on the same landing page.
- ✓ **Provide the report to NRCan:** Send a link to the Reporting Entity's ESTMA reports, as well as an electronic copy of the most recent report in XLS format, to NRCan via the eServices Portal.
- ✓ **Ensure that the report is up-to-date and accurate:** If a report is amended, Reporting Entities must inform NRCan in detail of any changes to the report, provide an electronic copy of the latest version of the report, and ensure that the most up-to-date report is available via the previously provided link.

- ✓ **Ensure the link is valid at all times:** Reporting Entities must ensure that the links to ESTMA reports and independent audit reports (if applicable) are active at all times. Broken links must be reported to NRCan and fixed immediately.
- ✓ **Add a version number to the title of the report for each amended report submitted:** In addition, the amended report must include a note that identifies the amendment(s).
- ✓ **Keep records of payments contained in the report:** Reporting Entities must keep records of their payments to governments for seven years from the date a payment was published in a report and provided to NRCan.

Additional information resources are available at www.nrcan.gc.ca/estma

All inquiries may be sent to nrcan.estma-lmtse.rncan@canada.ca

ANNEX B. List of Countries for Reports (as per ISO 3166)

A
Afghanistan
Åland Islands
Albania
Algeria
American Samoa
Andorra
Angola
Anguilla
Antarctica
Antigua and Barbuda
Argentina
Armenia
Aruba
Australia
Austria
Azerbaijan

B
Bahamas
Bahrain
Bangladesh
Barbados
Belarus
Belgium
Belize
Benin
Bermuda
Bhutan
Bolivia (Plurinational State of)
Bonaire, Sint Eustatius and Saba
Bosnia and Herzegovina
Botswana
Bouvet Island
Brazil
British Indian Ocean Territory
Brunei Darussalam
Bulgaria
Burkina Faso
Burundi

C
Cambodia
Cameroon
Canada
Cabo Verde
Cayman Islands
Central African Republic
Chad
Chile
China
Christmas Island
Cocos (Keeling) Islands
Colombia
Comoros
Congo
Congo (Democratic Republic of the)
Cook Islands
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Curaçao
Cyprus
Czech Republic

D
Denmark
Djibouti
Dominica
Dominican Republic

E
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Estonia
Ethiopia

F
Falkland Islands (Malvinas)
Faroe Islands
Fiji
Finland
France
French Guiana
French Polynesia
French Southern Territories

G
Gabon
Gambia
Georgia
Germany
Ghana
Gibraltar
Greece
Greenland
Grenada
Guadeloupe
Guam
Guatemala
Guernsey
Guinea
Guinea-Bissau
Guyana

H
Haiti
Heard Island and McDonald Islands
Holy See
Honduras
Hong Kong
Hungary

I
Iceland
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Isle of Man
Israel
Italy

J
Jamaica
Japan
Jersey
Jordan

K
Kazakhstan
Kenya
Kiribati
Korea (Democratic People's Republic of)
Korea (Republic of)
Kuwait
Kyrgyzstan

L
Lao People's Democratic Republic
Latvia
Lebanon
Lesotho
Liberia
Libya
Liechtenstein
Lithuania
Luxembourg

M

Macao
Macedonia (the former Republic of Yugoslav)
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Marshall Islands
Martinique
Mauritania
Mauritius
Mayotte
Mexico
Micronesia (Federated States of)
Moldova (Republic of)
Monaco
Mongolia
Montenegro
Montserrat
Morocco
Mozambique
Myanmar

N

Namibia
Nauru
Nepal
Netherlands
New Caledonia
New Zealand
Nicaragua
Niger
Nigeria
Niue
Norfolk Island
Northern Mariana Islands
Norway

O

Oman

P

Pakistan
Palau
Palestine, State of
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Pitcairn
Poland
Portugal
Puerto Rico

Q

Qatar

R

Réunion
Romania
Russian Federation
Rwanda

S

Saint Barthélemy
Saint Helena, Ascension and Tristan da Cunha
Saint Kitts and Nevis
Saint Lucia
Saint Martin (French part)
Saint Pierre and Miquelon
Saint Vincent and the Grenadines
Samoa
San Marino
Sao Tome and Principe
Saudi Arabia
Senegal
Serbia
Seychelles
Sierra Leone
Singapore
Sint Maarten (Dutch part)
Slovakia
Slovenia
Solomon Islands
Somalia
South Africa
South Georgia and the South Sandwich Islands
South Sudan
Spain
Sri Lanka
Sudan
Suriname
Svalbard and Jan Mayen
Swaziland
Sweden
Switzerland
Syrian Arab Republic

T

Taiwan, Province of China
Tajikistan
Tanzania, United Republic of
Thailand
Timor-Leste
Togo
Tokelau
Tonga
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Turks and Caicos Islands
Tuvalu

U

Uganda
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
United States Minor Outlying Islands
Uruguay
Uzbekistan

V

Vanuatu
Venezuela (Bolivarian Republic of)
Viet Nam
Virgin Islands (British)
Virgin Islands (U.S.)

W

Wallis and Futuna
Western Sahara

Y

Yemen

Z

Zambia
Zimbabwe